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RUEHLO/AMEMBASSY LONDON 1367
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SUBJECT: CAMEROON: EXXON FEARS EMPLOYEE UNREST IN SALE TO
LIBYAN OIL FIRM

¶1. (U) Summary. ExxonMobil representatives told Charge October 11 that they feared their 85 employees in Cameroon might take "illegal action," possibly to include violence, to pressure Exxon to make cash concessions to its employees as part of the pending share sale of Exxon's Africa operations to Libyan oil company Tamoil Africa Holdings. Company officials assessed Tamoil's interest in Exxon as part of Libyan leader Qaddafi's strategic decision to divest Tamoil of its European assets and focus instead on growing Tamoil's holdings in Africa. End summary.

¶2. (U) Jose Fabrega, Exxon Sales and Operations Manager for the West African Cluster, and two Exxon negotiators requested to brief CDA on their efforts to complete the sale of Exxon's fuel and lubricant businesses in Cameroon to Libya's Tamoil Africa holdings as part of a share sale that will also transfer ownership of Exxon assets in Gabon, Cote d'Ivoire, Kenya, Senegal, and Reunion. Fabrega explained that, although the deal was signed on October 9, Exxon would retain day-to-day control over the operations pending CEMAC approval, a process he expected would take about two months.

¶3. (U) In the meantime, Exxon officials worry, Exxon's 85 office workers may resort to "illegal action" to further their demands that Exxon compensate them as part of the sale. According the Fabrega, the employees claim compensation under Article 42 of the Cameroonian labor code, which establishes employee rights to compensation in the event of a merger or similar action resulting in a new employee contract. Since the Exxon sale is a share sale, with no change of employee contract, argued Fabrega, Article 42 does not apply and the workers are due no compensation. Exxon has met with the Cameroonian Prime Minister and the Ministers of Labor, Energy, and Finance. Fabrega told us that the Cameroonian authorities uniformly share Exxon's assertion that Article 42 does not apply in this situation. At the request of the Cameroonian government, Exxon is negotiating with the employees through a neutral "commission."

¶4. (U) Nonetheless, Fabrega explained, given the worrying precedent where Cameroonian workers have been able to wring concessions from foreign companies through violence and threat of violence, Exxon remains worried that its employees may resort to illegal actions to further their demands. Recalling that local employees of Shell and Wackenhut kidnapped senior managers to win concessions in similar disputes, Fabrega lamented, in Cameroon, "there is a precedent that violence pays." Exxon has contracted security

firm Sterling Company, whose unarmed consultants will seek to preempt any violence against Exxon representatives. CDA told the Exxon officials that the Embassy would be prepared to intervene with Cameroonian authorities to help prevent violence and to help ensure that relevant Cameroonian regulations were respected.

¶5. (U) Fabrega assessed Tamoil's interest in Exxon as part of Libyan leader Qaddafi's strategic decision to divest Tamoil of its European assets (currently for sale) and focus instead on growing Tamoil's holdings in Africa.

¶6. (U) Minimize considered.
NELSON